CONFERENCE CALL 12 May 2017

The following is a free translation in English of the speech and a summary of the Q&A topics session relating to the release of MARR's ***1 Quarter 2017 Results****. The speech, being held in Italian, will prevail in case of discrepancy with the written free English translation.*

Antonio Tiso – Investor Relator
Good afternoon and thank you for attending the MARR conference call relating to the figures for the 1 Quarter 2017, reserved for investors, analysts and banks.
Before giving way to the Chief Executive Officer Francesco Ospitali and the Manager for Finance, Administration and Control Pierpaolo Rossi for the presentation of the figures, I would remind you that:

- as usual we will follow the slides that have been sent to you and that are also available in the Investor Relations section of the company website;
- the call is expected to last about half an hour and we will try to be brief in order to leave more time for any questions you may have.
- lastly, I would remind you that from Monday 15th May, the English version of the speech and a summary of the Q&A session will be published on the MARR website and will be available for consultation for a week.

I will now leave the floor to the Chief Executive Officer Francesco Ospitali to begin the presentation.

Francesco Ospitali - CEO
3)
Good afternoon.
Slide 3 summarises the main themes that I would like to address.

MARR began 2017 confirming an increase in revenues and profitability.
However, I would remind you that historically, the first quarter has a limited incidence on the full year.

The total revenues amounted to 328.3 million Euros, while EBITDA and EBIT reached 15.4 million Euros and 11.4 million Euros respectively.
The net income amounted to 6.7 million Euros, an increase compared to 6.2 million in the 1st quarter of 2016.

The net debt amounted to 225.2 million Euros at the end of the quarter, compared to 187.8 million Euros as at 31 March 2016, and is affected by the price of the acquisitions made in the last 12 months (DE.AL. for € 36 million and Speca for € 7.3 million) and as regards the net working capital by the sourcing policies in view of the coming summer season.

4) We will now move on to slide 4

With total revenues of 328.3 million Euros, the revenues from sales amounted to 323.3 million Euros, an increase of +7.6% compared to the same period of 2016, also thanks to the contribution of the acquisitions.

The Street Market segment remains the main driver behind the growth, with an organic component of 5.0%.

The performance of the National Account segment benefited, in the comparison to last year, from the presence of the Easter festivities in the first quarter of 2016, which had reduced the number of working days for the facilities of clients in the Canteens sector.

The Wholesale segment recorded an increase resulting from the trends of the fishing campaigns.

5)

Slide 5 analyses the growth in sales to clients in the Street Market and National Account segments also in terms of volume and price. I would remind you that for MARR, the variation in price is always in terms of price/mix because of its capacity to offer alternative products and to expand the range of added value products, such as private labels.

As we can see, the increase is mainly due to the increase in volumes (+7.1%), also benefitting from those deriving from the consolidation of DE.AL. and Speca, while the variation in price/mix, was more contained (+1.0%) and in line with that of 2016.
The variation in the price/mix derives essentially from an increase in prices in the seafood category (+4.4%), with an inflationary dynamic that has increased even more compared to last year.
However, the price/mix was basically neutral in the Grocery and Meat categories, confirming the slight deflation at the end of 2016 in both these categories of products.

I will now leave the floor to Pierpaolo for the analysis of the financial figures.

Pierpaolo Rossi - Manager for Finance, Administration and Control
6)
Thank you and good afternoon to you all.

We will begin with slide 6 and some comments on the income statement for the quarter.

Total revenues recorded an increase of +7.8% in the first quarter, also benefitting from a positive contribution of premiums and contributions from suppliers, including those of a logistical nature connected to the centralisation of deliveries of frozen products and some dried food products on the logistical platforms, given that MARR has taken upon itself the internal distribution costs from the platforms to the distribution centers of the centralised products.

The quarter closed with EBITDA of 15.4 million Euros, an increase of +5.0% compared to 14.72 million in 2016.

As regards the operating costs:
- there was a slight increase of the percentage incidence of the Cost of Goods sold on total revenues, also due to a delay in the transfer to the market of the price increases of some products, especially seafood products;
- as regards the service costs, the decrease in percentage terms, is also attributable to the implementation of the integration of DE.AL.; in this connection, we would remind you that the MARR Adriatico distribution center is operational since October 2016;

In relation to Speca we point out that since 1 January 2017 was already implemented the MARR Speca distribution center, thus with an operating management homogeneous to the network of the other MARR's distribution centers;
- the increase in absolute value of rents and the cost of employment is to be attributed primarily to the impact of the DE.AL. and Speca acquisitions.

The increase in depreciations is mainly attributable to the investment plan carried out over the last three years for the modernization and expansion of some of MARR's distribution centers, which has led to the increase in their operating capacity in support of the expansion policies.

The item provisions and write-downs amounted to 2.5 million Euros (2.3 million in the first quarter of 2016), consists for 2.3 million Euros by the provision for bad debts and by 0.2 million Euros by provisioning for supplementary client severance indemnity. It should be noted that the provision for bad debts maintained a percentage incidence (0.7%) in line with that of the first quarter of 2016, confirming the prudential policy of determining the presumable realization value of the receivables.

The EBIT thus reached 11.4 million Euros compared to 11.1 million Euros in the 1st quarter of 2016.

The result of recurrent activities, which amounted to 9.8 million Euros at the end of the quarter, benefited from a reduction in the net financial charges (-0.1 million Euros), partly correlated to the reduction in interest rates, that brought about a reduction in the cost of funding.

The tax rate for the period was 31.1% (35.8% for the same period in the previous year) and benefits from the reduction of the IRES taxation from 27.5% to 24% approved in the 2016 Stability Law, with effect from business years starting after 31 December 2016.
The tax rate at the end of 2017 is expected to be around 30%, compared to 32.4% as at 31 December 2016.

The overall net profit as at 31 March 2017 amounted to 6.7 million Euros, an increase of +8.7% compared to the same period in the previous year.

7)
Moving on to slide 7 and some comments on the trade net working capital and the net financial position.

At the end of the first quarter, the trade net working capital amounted to 269.5 million Euros, compared to 258.6 million as at 31 March 2016.

As regards the single items of the working capital, we can observe that:

- despite an increase in sales, the accounts receivable at the end of the quarter showed an improvement in the number of days of about 6 days. It should be recalled that MARR has implemented a trade receivables securitization programme since the third quarter of 2014, the use of which as at 31 March 2017 is in line with that at the same date of the previous business year;
- as regards the final inventory, the increase is due to specific sourcing policies, mainly concerning frozen seafood products (squid and calamari) originating from outside the EU, in relation to which the fishing campaigns took place earlier in 2017 than in 2016;
- the management of payables to suppliers is always given attention.

Lastly, there has been a further improvement in the cash conversion cycle of one day, in addition to the improvement of 4 days in the 1st quarter of 2016.

The net financial debt at 31 March 2017 reached 225.2 million Euros, an increase compared to 187.8 million in 2016, mainly due to the acquisitions of the companies DE.AL. S.r.l. and Speca Alimentari S.r.l. and the working capital dynamics described above.

Compared to the same period in the previous year, we can see an increase in the proportion of medium and long-term debt, which is due to some transactions carried out in this first quarter of 2017.

I will now give way to Francesco again.

8)

Thank you Pierpaolo.
As we have already mentioned in the press release, the trend of sales in April – with Easter falling on 16 April (27 March in 2016), which had a positive effect on sales to Street Market clients and vice versa penalised those to National Account clients – means that the sales in the first four months are in line with the growth objectives for the year.
The contribution of sales of the newly-acquired Speca is confirmed as positive.

An update on the activities for enhancing the service to clients.
The "MARR UP" project was launched in early May and consists of a selected range of products present exclusively at the centralised platform in Marzano (near Milan), but made available to all MARR distribution centers nationwide thanks to an efficient internal distribution system. This project is aimed at increasing MARR's commercial offer to our clients.

We have now finished our presentation and are ready to take any questions.

Thank you and see you on Friday 4 August 2017 for the presentation of the figures of 1H 2017.

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(Summary of the main topics raised during Q&A section)

The main topics revolved around the following:

i. Gross margin
ii. Sales growth
iii. National Account sales dynamics
iv. Miscellaneous

i) The gross margin in 1Q was affected essentially by a delay in passing on to clients inflation relating to seafood. This time gap should be filled leading to a recovery of the gross margin, the first tangible signs of which to be seen in 3Q, that as usual is the reference quarter for MARR. On this basis the objective for the year-end EBITDA margin is confirmed.

ii) Organic growth in 1Q was solid however, as is well known, 1Q is not meaningful for the assessment of the full year sales growth, guidance of which can be confirmed. As regards sales growth in volume in 1Q (+7.1%), its the organic component is above 4%.

iii) Net of the Easter effect, the performance of sales in the National Account segment is in line with the internal objectives and should lead to an overall small positive increase by the year-end. Attention to margins remains in any case a priority.

iv) Miscellaneous
- net debt: year-end objective is around 180 euros million
- tax rate: year-end level could be expected at around 30%
- M&A: Bar segment is a priority but also monitoring the market for other opportunities
- reference market: on the basis of the data released by Confcommercio on 12 May 2017 progressive growth at the end of April in volume for items “Hotels and Out-of-Home food consumption” could be estimated at over 2%.